



## Overview: Savings Incentive Program

### Background

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**T**HE SAVINGS INCENTIVE PROGRAM was created in 1997 by legislative passage of Governor Locke's initiative to promote efficiency in agency spending while helping to support public schools (RCW 43.79.460). Through guidelines set out in statute and in appropriations bill language, agencies are credited with one-half of all state General Fund-State (GF-S) savings not related to entitlement or other targeted spending authority. Historically, the majority of savings dollars have resulted not from efficiency improvements, but from such factors as changes in K-12 and higher education enrollment, public assistance caseload, and payments for debt service and retirement contributions. These savings go directly to the Education Savings Account, 10 percent of which is transferred to Higher Education for distinguished professorships, the graduate fellowship trust fund, and the college faculty award trust fund. The balance of the Education Savings Account may be appropriated for common school construction and education technology.

### Expenditures from the Savings Incentive Account

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Based on the amount of eligible GF-S reversions (unspent appropriations) in Fiscal Years 1997 through 1999, agencies have received a total of \$15.9 million in credits in the Savings Incentive Account. The remaining GF-S reversions—\$143 million—were transferred into the Education Savings Account.

#### Summary of State Savings Incentive Program Distributions

	FY 1997	FY 1998	FY 1999	Totals to Date
Savings Incentive Account Allocations to Agencies	7,195,113	3,818,384	4,855,871	15,869,368
Transfers to Education Savings Account for School Technology and Construction	51,737,034	34,522,323	45,282,341	131,541,698
Transfers to Higher Education	2,797,893	3,835,814	5,031,371	11,665,078
<b>Total Reversions</b>	<b>\$61,730,040</b>	<b>\$42,176,521</b>	<b>\$55,169,583</b>	<b>\$159,076,144</b>

Because the Savings Incentive Account is not appropriated, credits remain with the agency until they are spent. As of the end of Fiscal Year 1999, agencies had used \$4.1 million of the \$11 million in available funding. The authorizing legislation limits Savings Incentive Account expenditures to one-time activities that improve the quality, efficiency, and effectiveness of customer services in agencies.

Reports from agencies on their Fiscal Year 1999 spending of \$2.7 million indicate that the largest categories of Savings Incentive Account expenditures are improved technology (29 percent) and employee training (18 percent).

Examples of items funded by the Savings Incentive Account include:

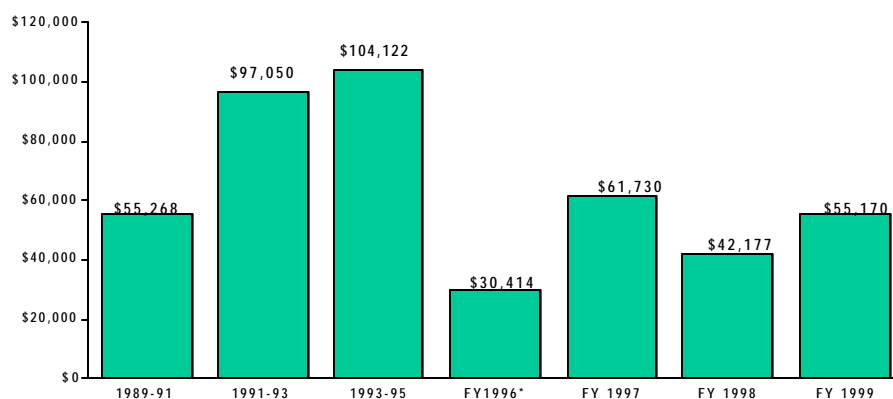
- Advanced legal writing for Court of Appeals law clerks and staff attorneys.
- Management techniques, such as the “Breakthrough Strategy,” to help staff achieve results quickly.
- Web page design and maintenance to enhance customer communications.
- Geographical information system and other computer applications.
- A five-year, distance learning strategic plan to guide the Community and Technical Colleges system’s efforts in this area.
- Updated audiovisual systems in Senate hearing rooms and other improvements to legislative buildings with public access.
- Implementation of Department of Social and Health Services building security measures, such as the integration of locked doors, and photo identification for staff.

## End of Year Expenditure Patterns

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Agencies who received General Fund-State (GF-S) appropriations were surveyed annually to determine what effect, if any, the potential for receiving Savings Incentive Account credits of unspent GF-S appropriations had on end-of-year expenditures. Most agencies reported that the Savings Incentive Account has had little or no effect on their end of fiscal year spending patterns.

**Figure: General Fund State Reversions by Fiscal Period**  
(\$ in thousands)



## For More Information...

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*1999 Savings Incentive Program Report*  
(<http://www.ofm.wa.gov/savings99/contents.htm>)